



Agenda Date: 09/16/2009  
Agenda Item: 2K

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**[www.nj.gov/bpu/](http://www.nj.gov/bpu/)**

**ENERGY**

IN THE MATTER OF THE ENERGY EFFICIENCY	)	ORDER ADOPTING
PROGRAMS AND ASSOCIATED COST RECOVERY	)	STIPULATION
MECHANISM PROCEEDINGS	)	
	)	
IN THE MATTER OF THE PETITION OF ROCKLAND	)	
ELECTRIC COMPANY FOR APPROVAL OF AN	)	BPU DOCKET NOs.
ENERGY EFFICIENCY STIMULUS PROGRAM AND	)	EO09010056 and
ASSOCIATED RATE RECOVERY	)	EO09010061

(SERVICE LIST AND STIPULATION ATTACHED)

BY THE BOARD:

On September 11, 2009, Rockland Electric Company ("RECO" or "Company"), the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel") and the Staff of the New Jersey Board of Public Utilities ("Board Staff") (collectively, the "Signatory Parties") entered into an agreement ("Stipulation") to further extend the 180-day review period provided by N.J.S.A. 48:3-98.1(b), in connection with the Company's proposed Energy Efficiency Stimulus Program ("EE Program") and related cost recovery.

By this Order, the New Jersey Board of Public Utilities ("Board") considers the Stipulation extending the time frame for review of RECO's EE Program.

**Background and Procedural History**

On February 20, 2009, RECO filed the instant petition with the Board pursuant to the statutory requirements of the Regional Greenhouse Gas Initiative Act ("RGGI Act"), as codified in N.J.S.A. 48:3-98.1. The petition sought Board approval to allow the Company to implement the proposed three-year energy efficiency programs and recovery of all revenue requirements associated with the EE Program through the associated RGGI Surcharge. By letter dated March 20, 2009, Staff advised RECO that the Company's petition was deemed administratively complete.<sup>1</sup>

<sup>1</sup> N.J.S.A. 48:3-98.1 requires the Board to decide cost recovery issues within 180 days. Pursuant to the RGGI Order dated May 12, 2008 in Docket No. EO08030164, Staff must review a petition for administrative completeness within 30 days and, when a petition is

## RECO ENERGY EFFICIENCY STIMULUS PROGRAM PETITION

In its petition, RECO requested approval of four (4) EE Program segments having a total funding commitment of \$3,090,000 over a three year period. The proposed segments are as follows:

- *The Residential Direct Install Program* is the direct installation of cost-effective whole house electrical energy saving measures in high use residential homes, the provision of rebate incentives for installation of efficiency equipment, and the provision of energy kits with compact fluorescent light bulbs and energy education kits. This three-year program with an estimated total cost of \$2 million will be available to 9,300 residential customers.
- *The Online Audit Program* is the provision of online software to allow customers to conduct "do it yourself" home energy audits by linking to the customers' billing history and identifying areas for energy reduction. This three-year program has an estimated cost of \$350,000.
- *The Market Potential Study* is designed to determine the baseline efficiency for its service territory to allow the development of cost-effective programs that target all customer segments. The estimated cost to be incurred in the first year is \$400,000.
- *The USF Low Income Audit and Direct Install Program* is designed to provide free energy efficiency measures resulting from an energy audit, to customers in RECO's USF program at a cost of \$320,000 for 100 customers in the first year of the EE Program.

RECO proposed to amortize program costs consisting of customer incentives, outside vendor costs for equipment purchases and installation and market potential study costs over a three-year period. The amortization and the internal incremental administrative, marketing and evaluation costs to be expensed as incurred will be included in the EE Program revenue requirement. The Company also proposed to include in the revenue requirement a return on program costs by applying an after-tax overall rate of return of 8.18% to unamortized program costs. The Company proposed an adjusted rate of return, based on a new weighted average cost of capital ("WACC") with an additional 75 basis points to the return on equity of 9.75% authorized by the Board in RECO's most recent base rate case. The total revenue requirement will be recovered through a non-bypassable RGGI Surcharge applicable to all distribution customers. The RGGI Surcharge will be subject to deferred accounting, with interest, and reconciled annually.

By Order dated February 19, 2009, the Board retained this matter for review and hearing and, as authorized by N.J.S.A. 48:3-32, designated President Jeanne M. Fox as the presiding officer who is authorized to rule on all motions that arise during the proceeding and modify any schedule(s) that may be set as necessary to secure just and expeditious determinations in this matter. Subsequently, on May 15, 2009, President Fox issued an Order setting the procedural schedule in this matter.

On March 27, 2009, the Natural Resources Defense Counsel ("NRDC") filed a Motion to Intervene. By Order dated April 28, 2009, President Fox granted intervention to NRDC.

The Company, Board Staff, and Rate Counsel engaged in extensive discovery and participated in a number of settlement and discovery conferences. In addition, the EE Program was forwarded to the Center for Energy, Economic and Environmental Policy ("CEEPP") for performance of a Cost Benefit Analysis ("CBA") for each of the components of the EE Program. While discussions of

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determined to be administratively complete, set the beginning of the 180-day period. Accordingly, the 180-day period for a Board determination on this petition commenced on February 20, 2009.

possible modifications to the EE Program continue, to date no settlement of all outstanding issues has been reached.

On August 13, 2009, the Signatory Parties entered into an agreement ("August 13 Stipulation") to extend the 180-day review period provided by N.J.S.A. 48:3-98.1(b), in connection with the Company's proposed EE Program and related cost recovery proposal to September 24, 2009. By letter dated August 18, 2009, NRDC indicated that it did not support or oppose the Stipulation. The Board approved the August 13 Stipulation on August 19, 2009.

#### PROPOSED STIPULATION

Since discussions in this matter may not be completed prior to September 24, 2009, the day that the current extension expires, the Signatory Parties have agreed to an additional 60-day extension of the statutory deadline to provide additional time for the Parties to develop their positions, so that the Board will have a fuller and more accurate record for review of the EE Program before it issues a final determination in this matter. No parties oppose the Stipulation. NRDC was given notice of the proposed Stipulation and took no position.

The attached Stipulation contains a provision to move forward consideration of RECO's EE Program and proposed RGGI Surcharge:

7. The Parties, pursuant to N.J.S.A. 48:2-21.3, request that the Board issue an Order on or prior to September 24, 2009 extending the current RGGI date of September 24, 2009 and establishing a revised RGGI date for purposes of extending the 180 Day RGGI Period until November 23, 2009.

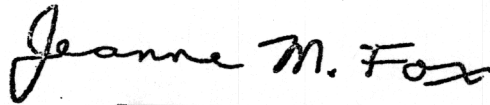
#### DISCUSSION AND FINDING

N.J.S.A. 48:2-21.3 allows any public utility to file with the Board a written stipulation waiving the effective date of any tariff or rate, subject to the Board's approval. In this case, no parties have opposed the Stipulation and the extension of the review period it contains. RECO has agreed to an extension until November 23, 2009. The Board **FINDS** that the need of the parties to continue their discussions while developing their positions further and the time required for review of the expanded record of the proposed EE Program which will result, justifies an additional extension of time beyond the current period ending on September 24, 2009.

For the foregoing reasons, the Board **HEREBY APPROVES** the attached Stipulation, and **HEREBY EXTENDS** the review period of N.J.S.A. 48:3-98.1(b) to November 23, 2009.

DATED: 9/16/09

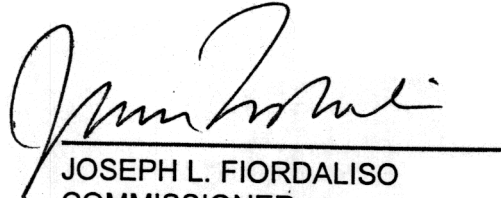
BOARD OF PUBLIC UTILITIES  
BY:



JEANNE M. FOX  
PRESIDENT



FREDERICK F. BUTLER  
COMMISSIONER



JOSEPH L. FIORDALISO  
COMMISSIONER



NICHOLAS ASSELTA  
COMMISSIONER



ELIZABETH RANDALL  
COMMISSIONER

ATTEST:



KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public  
Utilities

